

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 628 - HB 998

March 25, 2017

SUMMARY OF BILL: Requires any institution of higher education to annually provide a student who receives state financial aid with the following information: an estimate of the total amount of education loans taken out by the student; an estimate of the potential total payoff amount of the education loans incurred or the range of the total payoff amount; an estimate of monthly repayment amounts that a similarly situated borrower may incur, including principal and interest, for the amount of loans the student has taken out at the time the information will be provided; and the percentage of any borrowing limit the student has reached at the time the information will be provided. Establishes that a postsecondary institution will not incur liability for any representations made under this legislation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$38,500/One-Time/Board of Regents and State University System
\$811,500/Recurring/Board of Regents and State University System

\$10,500/One-Time/University of Tennessee
\$31,300/Recurring/University of Tennessee

Assumptions relative to the Tennessee Board of Regents and State University System:

- Based on the information provided by the Tennessee Board of Regents (TBR), the State University system (SUS) would employ 17 staff members throughout each institution's financial aid office with entry level banner skills to meet the requirements of the proposed legislation.
- The increase in state expenditures for each additional staff person is estimated to be \$47,733 (\$35,000 salary + \$12,733 benefits)
- The recurring increase in state expenditures for the TBR and SUS is estimated to be \$811,461 (\$47,733 x 17).
- Based on information provided by TBR, It is reasonably assumed that 11 of the financial aid offices at TBR and SUS's campuses would require additional software programming to provide the annual disclosures. The additional software programming cost is estimated to be \$3,500 at each campus.

- The total one-time increase in state expenditures for TBR and SUS software programming is estimated to be \$38,500 (\$3,500 x 11 campuses).

Assumptions relative to the University of Tennessee:

- Based on the information provided by the University of Tennessee, the financial aid offices can absorb the new duties that meet the requirements of this proposed legislation within existing staff resources. The Office of Financial Aid at UT will need to add \$4,000 in recurring costs for miscellaneous supplies, and additional resources equivalent to one-half of a full-time equivalent (FTE) position.
- The average recurring cost for the part-time FTE is estimated to be \$27,330.
- The total recurring increase in state expenditures for UT for a part-time FTE position and for supplies is estimated to be \$31,330 (\$27,330 + \$4,000).
- Based on the information provided by UT, the financial aid offices at UT's campuses would require additional software programming to provide the annual disclosures. The additional software programming cost is estimated to be \$3,500 at each of its three campuses.
- The one-time increase in state expenditures for UT software programming is estimated to be \$10,500 (\$3,500 x 3 campuses)

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp